



City of NORFOLK

C: Dir. Finance

To the Honorable Council
City of Norfolk, Virginia

December 15, 2017

From: Chuck Rigney, Director of Development

Subject: Economic Development
Authority Revenue Bonds

Reviewed:

Jared M. Chalk,
Special Assistant to the City Manager

Ward/Superward: N/A

Approved:

Douglas L. Smith, City Manager

Item Number: R-02

I. **Recommendation:** Adopt Resolution

II. **Applicant:** Economic Development Authority

III. **Description**

This agenda item is a Resolution approving the issuance of revenue bonds by the Economic Development Authority of up to \$200,000,000 for a loan for Sentara Healthcare to be used to (a) finance renovations of Sentara Norfolk General Hospital located at 600 Gresham Drive, Norfolk, Virginia, (b) fund any required reserves, and (c) paying certain fees and costs associated with the Bond's issuance.

IV. **Analysis**

The City is not issuing these bonds. As such, the City will not be obligated to pay the debt service on these Bonds or any other associated costs.

V. **Financial Impact**

There is no direct financial impact to the City.

VI. **Environmental**

N/A

VII. **Community Outreach/Notification**

N/A

VIII. **Board/Commission Action**

This action is recommended by the Authority's General Counsel, Vandeventer Black LLP.

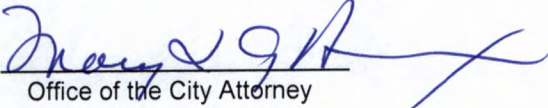
IX. Coordination/Outreach

This letter and ordinance have been coordinated with the Department of Development and the City Attorney's Office.


Supporting materials provided by the City Attorney's Office:

- Ordinance
- Council Opinion Letter
- Affidavit of Publication
- Summary of Public Hearing Statements
- EDA Resolution
- Fiscal Impact Statement
- Conflict of Interest Certificate

Form and Correctness Approved

By 
Office of the City Attorney

Contents Approved:

By 
DEPT. Development

NORFOLK, VIRGINIA

Resolution

A RESOLUTION APPROVING THE EXERCISE BY THE ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF NORFOLK OF POWERS CONFERRED BY THE INDUSTRIAL DEVELOPMENT AND REVENUE BOND ACT IN CONNECTION WITH THE AUTHORITY'S ISSUANCE OF ITS HEALTH CARE FACILITIES REVENUE BONDS IN A PRINCIPAL AMOUNT NOT TO EXCEED \$200,000,000, THE PROCEEDS OF WHICH WILL BE LOANED TO SENTARA HEALTHCARE (THE "APPLICANT") TO BE USED IN FINANCING RENOVATIONS AT SENTARA NORFOLK GENERAL HOSPITAL.

WHEREAS, the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2 of the Code of Virginia, as amended (the "Act"), authorizes the existence of the Economic Development Authority of the City of Norfolk (the "Authority") and empowers the Authority to issue its Healthcare Facilities Revenue Bonds in a principal amount not to exceed \$200,000,000 (the "Bonds"), and to loan the proceeds thereof to the Applicant to be used to (a) finance renovations of Sentara Norfolk General Hospital located at 600 Gresham Drive, Norfolk, Virginia 23507 (the "Project"), (b) fund any required reserve funds, and (c) pay certain fees and costs associated with the issuance of the Bonds; and

WHEREAS, the Project is and will be owned or operated by the Applicant and is located in the City of Norfolk; and

WHEREAS, Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), requires approval by this Council of the

issuance of any private activity bonds by the Authority after the Authority has held a public hearing to consider the issuance of such bonds as one of the acts required in order for the interest on such bonds to qualify for exemption from the imposition of federal income tax; and

WHEREAS, the Authority held a public hearing on December 6, 2017, in compliance with the Code and Section 15.2-4906 of the Code of Virginia (1950), as amended (the "Virginia Code"), and after such public hearing did adopt a resolution agreeing to undertake the issuance of the Bonds, subject to the adoption of this resolution by the Council to approve the issuance of the Bonds; and

WHEREAS, the Authority has recommended and requested that the Council approve the issuance of the Bonds; and

WHEREAS, a copy of the Authority's resolution agreeing to issue the Bonds, subject to certain final terms to be agreed upon, a Summary of Public Hearing Statements with respect to the Bonds, a Fiscal Impact Statement in the form prescribed by Section 15.2-4907 of the Virginia Code, and a Conflict of Interests Certificate have been filed with the Council; now therefore,

BE IT RESOLVED by the Council of the City of Norfolk:

Section 1: - That, relying upon the representations of the Authority by its counsel, the recitals in the preambles hereto are found to

be true and correct in all respects and are adopted as findings of this Council as if fully rewritten herein.

Section 2: - That the Project and the costs proposed to be financed by the issuance of the Bonds are deemed appropriate for such plan of finance and, accordingly, the issuance of the Bonds is hereby approved.

Section 3: - That the approval of the issuance of the Bonds as required by Section 147(f) of the Code does not constitute an endorsement to a prospective purchaser of the Bonds of the proposed use of the proceeds of the Bonds or the creditworthiness of the Applicant, and, as required by Virginia law, the Bonds shall provide that neither the Commonwealth of Virginia, nor any political subdivision thereof, including the City and the Authority, shall be obligated to pay the principal, or premium, if any, of the Bonds or the interest thereon or other costs incident thereto except from the revenues and monies pledged therefor, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia or any political subdivision thereof, including the City and the Authority, shall be pledged thereto.

Section 4: That the City, including the members of Council, its officers, employees and agents, shall not be liable and hereby disclaims all liability for any damage to the Applicant, direct or consequential, resulting from the Authority's failure to issue the Bond for any reason.

Section 5: - That this Resolution shall be in effect from and after its adoption.

December 6, 2017

Council of the City of Norfolk
810 Union Street
Norfolk, VA 23510

RE: Norfolk Economic Development Authority Healthcare Facilities Revenue Bonds
Not to Exceed \$200,000,000.00 for the Benefit of Sentara Healthcare
Our File No. 038830-000004

Ladies and Gentlemen:

We are special counsel to the Norfolk Economic Development Authority (the "Authority") and as such are familiar with the records and proceedings of the Authority. You have requested our opinion in connection with the adoption by the Council of the City of Norfolk (the "Council") of the proposed resolution attached hereto, which approves the issuance of the captioned revenue bond (the "Bond") by the Authority pursuant to Chapter 49, Title 15.2 of the Code of Virginia, and Section 147(f) of the Internal Revenue Code of 1986, as amended to date, and the regulations outstanding thereunder (the "Code"). The Bond will be issued to assist Sentara Healthcare (the "Company") to finance renovations of Sentara Norfolk General Hospital located at 600 Gresham Drive in Norfolk, Virginia, to fund any required reserve funds, and to pay certain fees and costs of issuing the Bond, all necessitating approval by this Council in order to comply with state and federal law.

We have examined the proposed resolution to be adopted by the Council and such other information, documents and records as we believe necessary for the purpose of rendering this opinion. Based on the foregoing, we are of the opinion that:

1. All action by the Authority necessary to date to authorize the issuance of the Bonds has been taken in accordance with law and all applicable statutes;
2. The public hearing held by the Authority on December 6, 2017, complied with the requirements of Section 147(f) of the Code and Section 15.2-4906 of the Code of Virginia, as amended to date;
3. The Council is the "applicable elected representative" within the meaning of Section 147(f) of the Code and Section 15.2-4906 of the Code of Virginia, as amended to date, and the proposed resolution, when adopted, will constitute approval for the Bond, within the meaning of Section 147(f) and Section 15.2-4906;
4. The recitals in the preambles of the resolution proposed for adoption by the Council are true and correct in all respects;

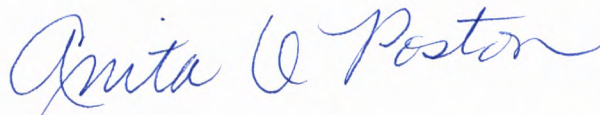
5. The facilities to be financed and described in the attached resolution are eligible for financing by the Authority; and

6. To the best of our knowledge, there is no action, suit, proceeding or investigation at law or equity, before or by any court or public board or body, pending or threatened against the Authority wherein an unfavorable decision, ruling or finding would, in any material respect, affect adversely the approval contemplated by the proposed resolution.

This opinion of counsel is rendered based upon the understanding that the proposed resolution in this matter will be acted upon by Council on December 19, 2017. We recognize an affirmative obligation to bring to the attention of the Council any circumstance that might materially change this opinion of counsel between the date of this opinion and the date of Council action on this matter.

Very truly yours,

VANDEVENTER BLACK LLP



Anita O. Poston

AOP:kt

cc. Mr. Kevin White, Esq
Mr. Charles Rigney
Mr. Sean Washington

THE VIRGINIAN-PILOT
NORFOLK, VIRGINIA
AFFIDAVIT OF PUBLICATION

The Virginian-Pilot

KAUFMAN & CANOLES, P.C.
TWO JAMES CTR
1021 E CARY ST, 1400
RICHMOND VA 23219

REFERENCE: 39212350
25558976 SENTARA HEALTHCARE

State of Virginia
City of Norfolk

This day, Jacqueline Whitfield, personally appeared before me; and after being duly sworn, made oath that: (1. She is affidavit clerk of the Virginian-Pilot, a newspaper published by The Virginian-Pilot Media Companies, LLC, in the cities of Norfolk, Portsmouth, Chesapeake, Suffolk, and Virginia Beach, Commonwealth of Virginia and in the state of North Carolina 2.) That the advertisement hereto annexed has been published in said newspaper on the dates stated



PUBLISHED ON: 11/22 11/29

TOTAL COST: 1,422.44 AD SPACE: 86 LINE
FILED ON: 12/06/17

Legal Affiant

Subscribed and sworn to before me in my city and state on the day and year aforesaid this 6 of December in the year of 2017. (NRN:7145124)

Notary:

My commission expires October 31, 2019

**NOTICE OF PUBLIC HEARING
BY THE ECONOMIC
DEVELOPMENT AUTHORITY
OF THE CITY OF NORFOLK
TO CONSIDER THE ISSUANCE
OF REVENUE BONDS FOR
THE BENEFIT OF SENTARA
HEALTHCARE AND ITS
AFFILIATES**

Notice is hereby given that the Economic Development Authority of the City of Norfolk (the "Authority"), will hold a public hearing at 7:30 a.m. on December 6, 2017, at its offices located at 500 E. Main Street, Suite 1500, Norfolk, Virginia 23510, for the purpose of receiving comments and hearing discussion concerning the issuance by the Authority of its revenue bonds (the "Bonds") in an aggregate principal amount of up to \$200,000,000, the proceeds of which would be loaned to Sentara Healthcare ("Sentara"), whose principal business address is 6015 Poplar Hall Drive, Norfolk, Virginia 23502, and used to: (a) finance renovations of Sentara Norfolk General Hospital located at 600 Gresham Drive, Norfolk, Virginia 23507 (the "Project"), which is owned and operated by Sentara in furtherance of its exempt purposes, (b) if deemed advisable by Sentara at the time of closing, refinance or refund various capital improvements at Sentara Norfolk General Hospital and other Sentara facilities which were originally funded with proceeds of an existing tax-exempt commercial paper program, (c) fund any required reserve funds, and (d) pay certain fees and costs associated with the issuance of the Bonds. Any person who is disabled and will require an accommodation in order to participate in the public hearing may call the Authority at 664-4338. Please place such call at least three (3) days in advance of the meeting and public hearing. The Bonds will not constitute a debt or pledge of the faith and credit of the Commonwealth of Virginia or any political subdivision thereof, including the City of Norfolk and the Authority. Neither the Commonwealth of Virginia nor any political subdivision thereof, including the City of Norfolk and the Authority, shall be obligated to pay the Bonds, or the interest thereon, or other costs incident thereto, except from the revenues and monies pledged therefor, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia nor any political subdivision thereof, including the City of Norfolk and the Authority, will be pledged to the payment of the principal of or interest on the Bonds or other costs incident thereto. The address of the Authority is 500 E. Main Street, Suite 1500, Norfolk, Virginia 23510.

ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF NORFOLK

VP 25558976A

INTERACTIVE MEDIA
NORFOLK, VIRGINIA
AFFIDAVIT OF PUBLICATION

Online Publication VP

KAUFMAN & CANOLES, P.C.
TWO JAMES CTR
1021 E CARY ST, 1400
RICHMOND VA 23219

REFERENCE: 39212350
25558976 SENTARA HEALTHCARE

Commonwealth of Virginia
City of Norfolk

This day, Alan Levenstein personally appeared
before me and, after being duly sworn, make oath
that:

1. He is affidavit clerk of Interactive Media,
a subsidiary of The Virginian-Pilot Media
Companies, LLC, publishing in Chesapeake, Suffolk,
Norfolk, Portsmouth and Virginia Beach,
Commonwealth of Virginia in the state of Virginia

2. The advertisement has been produced on the
said site on the date stated

PUBLISHED ON: 11/22 11/29



TOTAL COST: 50.00 AD SPACE: 86 LINE
FILED ON: 12/06/17

Legal Affiant: [Signature]

Subscribed and sworn to before me in my city and state on the day and year
aforesaid this 6 day of December 2017. (NRN: 7145124)

Notary: [Signature] My commission expires October 31, 2019.

SUMMARY OF PUBLIC HEARING STATEMENTS

At 7:30 a.m. on December 6, 2017, the Vice Chairman of the Economic Development Authority of the City of Norfolk (the "Authority") announced the commencement of a public hearing held in the Authority's offices located at 500 E. Main Street, Suite 1500, Norfolk, Virginia 23510, on the plan of finance of Sentara Healthcare (the "Company"), whose principal business address is 6015 Poplar Hall Drive, Norfolk, Virginia 23502, for the Authority to issue its Healthcare Facilities Revenue Bonds in a principal amount not to exceed \$200,000,000 (the "Bonds"), and to loan the proceeds thereof to the Company to be used to (a) finance renovations of Sentara Norfolk General Hospital located at 600 Gresham Drive, Norfolk, Virginia 23507 (the "Project"), (b) fund any required reserve funds, and (c) pay certain fees and costs associated with the issuance of the Bonds.

Anita O. Poston, Esquire, of Vandeventer Black LLP, Counsel for the Authority, appeared at the public hearing with Ronald D. Vinson, Vice President of Treasury for the Company. Ms. Poston explained to the Authority the nature of the Bonds and Mr. Vinson explained to the Authority the financing plan and the nature of the Project, and they invited questions concerning the same from the directors of the Authority.

No members of the public spoke at the public hearing in support of or opposition to the Bond and the Vice Chairman closed the public hearing.

RESOLUTION OF THE ECONOMIC DEVELOPMENT AUTHORITY OF
THE CITY OF NORFOLK TO ISSUE AND LOAN THE PROCEEDS OF
HOSPITAL FACILITIES REVENUE BONDS TO SENTARA HEALTHCARE

WHEREAS, the Economic Development Authority of the City of Norfolk (the "Authority") is empowered by the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended (the "Act"), to issue its revenue bonds from time to time and to use the proceeds thereof for the purposes of financing or refinancing any "authority facility," as described in the Act;

WHEREAS, there has been described to the Authority the plan of finance of Sentara Healthcare (the "Company"), whose principal business address is 6015 Poplar Hall Drive, Norfolk, Virginia 23502, for the Authority to issue its Healthcare Facilities Revenue Bonds in a principal amount not to exceed \$200,000,000 (the "Bonds"), and to loan the proceeds thereof to the Company to be used to (a) finance renovations of Sentara Norfolk General Hospital located at 600 Gresham Drive, Norfolk, Virginia 23507 (the "Project"), (b) fund any required reserve funds, and (c) pay certain fees and costs associated with the issuance of the Bonds;

WHEREAS, a public hearing with respect to the Authority's issuance of the Bonds to finance the Project was properly noticed pursuant to the Act and the Internal Revenue Code of 1986, as amended (the "Code"), and held by the Authority on the date of adoption of this Resolution;

WHEREAS, the Company has elected to proceed immediately with implementing its plan of finance described above, and has requested that the Authority issue and sell the Bonds pursuant to a Purchase Contract to be dated on or about December 21, 2017, with an initial purchaser selected by the Company (which the Company has represented will be either or both of Citigroup Global Markets Inc. or Barclays Capital Inc.), and to execute and deliver such Purchase Contract together with the following documents (collectively, the "Bond Documents"), the final forms of which shall be subject to the final approval of the Authority's counsel:

(i) A Trust Indenture to be dated as of December 1, 2017, between the Authority and U.S. National Association, as trustee (the "Trustee"), authorizing the issuance of the Bonds and including the form of the Bonds as an exhibit thereto; and

(ii) A Loan Agreement to be dated as of December 1, 2017, between the Authority and the Company, setting forth the Company's obligation to pay when due the principal or purchase price of, premium, if any, and interest on the Bonds.

BE IT RESOLVED BY THE ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF NORFOLK:

1. It is hereby found and determined that the issuance of the Bonds will promote healthcare in the City of Norfolk (the "City") and otherwise benefit the safety, health, welfare, convenience and prosperity of inhabitants of the City and of the Commonwealth of Virginia (the

“Commonwealth”), and that the Project financed with proceeds of the Bonds constitutes “authority facilities” within the meaning of the Act.

2. The Authority hereby recommends and requests that the City Council of the City (the “Council”) approve the issuance of the Bonds, in accordance with the Act and the Code, no later than December 19, 2017. The Authority hereby directs the Chairman or Vice Chairman of the Authority (either of whom may act) to immediately submit to the Council a fiscal impact statement in the form prescribed by Section 15.2-4907 of the Act, a reasonably detailed summary of the comments expressed at the public hearing pursuant to Section 15.2-4906 of the Act, the form of Conflict of Interests Certificate required by the Authority and the City, and a copy of this Resolution.

3. The Bond Documents and their execution and delivery by the Chairman or Vice Chairman (either of whom may act) are hereby approved, subject to final approval by the Authority’s counsel. Such approval shall be evidenced conclusively by the execution and delivery of such Bond Documents. The Chairman or Vice Chairman (either of whom may act) is hereby authorized to approve the forms, denominations, maturities, redemption provisions, places of payment, initial interest rates, payment terms, dates and all other provisions of the Bonds, which approval shall be evidenced conclusively by the execution and delivery of the Bond Documents; provided, however, that the aggregate principal amount of the Bonds shall not exceed \$200,000,000. All other terms of the Bonds as described in and provided by the Bond Documents are hereby approved. Notwithstanding the foregoing, the Bonds shall not be issued, and the Bond Documents shall not be executed and delivered, until the approval of the Council has been obtained.

4. The distribution and use of any private placement or limited offering memorandum prepared by Bond Counsel and the Company in connection with the issuance of the Bonds is hereby approved. The Chairman or Vice Chairman (either of whom may act) is authorized to approve the final version of such memorandum, with the advice of the Authority’s counsel.

5. The Chairman, Vice Chairman, Secretary-Treasurer and Assistant Secretary-Treasurer of the Authority are each authorized to execute and deliver on behalf of the Authority such further instruments, documents, or certificates (including, without limitation, Internal Revenue Service Form 8038 with respect to the Bonds, in the form prepared by Bond Counsel and approved by the Authority’s counsel), and to do and perform such things and acts, as they shall deem necessary or appropriate in carrying out the transactions authorized by this Resolution or contemplated by the Bond Documents, and all of such actions previously done or performed by the officers or directors of the Authority are in all respects approved, ratified and confirmed.

6. The Authority hereby agrees to the recommendation of the Company that U.S. Bank National Association be appointed as Trustee with respect to the Bonds.

7. The Authority hereby agrees to the recommendation of the Company that Kaufman & Canoles, a Professional Corporation, be appointed as Bond Counsel in connection with the Bonds and hereby appoints such firm to supervise the proceedings and approve the issuance of such Bonds.

8. All costs and expenses in connection with the issuance of the Bonds, including the fees and expenses of the Authority and the fees and expenses of counsel to the Authority, shall be paid promptly from the proceeds of the Bonds to the extent permitted by law or from funds provided by the Company. If for any reason the Bonds are not issued, it is understood that all such fees and expenses shall be paid promptly by the Company upon presentation of an invoice and that the Authority shall have no responsibility therefor. The Company shall also pay the Authority's annual administrative fee, due on each anniversary date of the issuance of the Bonds, in the amount established in the Bond Documents.


9. The principal or purchase price of and premium, if any, and interest on the Bonds are limited obligations of the Authority payable solely from the revenues and receipts derived by the Authority from the Company, which revenues and receipts have been pledged and assigned to secure payment thereof. The principal or purchase price of and premium, if any, and interest on the Bonds shall not be deemed to constitute a debt or a pledge of the faith and credit of the Commonwealth or any political subdivision thereof, including the City and the Authority. Neither the Commonwealth nor any political subdivision thereof, including the City and the Authority, shall be obligated to pay the principal or purchase price of or premium, if any, or interest on the Bonds or other costs incident thereto except from the revenues and receipts pledged and assigned therefor, and neither the faith and credit nor the taxing power of the Commonwealth or any political subdivision thereof, including the City, is pledged to the payment of the principal or purchase price of or premium, if any, or interest on the Bonds or other costs incident thereto. The Authority has no taxing power. No covenant, condition or agreement contained in any Bond Document shall be deemed to be a covenant, agreement or obligation of any past, present or future director, officer, employee or agent of the Authority in his or her individual capacity, and neither the directors of the Authority nor any officer or employee thereof executing the Bonds on behalf of the Authority shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof. The Authority, including its directors, officers, employees, agents and attorneys, shall not be liable and hereby disclaims liability to any person for any damages, direct or consequential, resulting from the Authority's failure to issue the Bonds or for any reason. The issuance of the Bonds does not constitute an endorsement by the Authority, the City or the Commonwealth to a prospective purchaser of the Bonds of the proposed use of the proceeds of the Bonds or the creditworthiness of the Company. In addition, the Authority does not intend by the adoption of this Resolution for such action to constitute approval of the Company, its policies or its management.

10. All other acts of the officers of the Authority which are in conformity with the purposes and intent of this Resolution and in furtherance of the issuance of the Bonds are hereby approved and confirmed.

11. This Resolution shall take effect immediately.

The undersigned hereby certifies that the above Resolution was duly adopted by the directors of the Economic Development Authority of the City of Norfolk at a meeting duly called and held on December 6, 2017, and that such Resolution is in full force and effect on the date hereof.

Dated: December 6, 2017



Secretary-Treasurer, Economic Development
Authority of the City of Norfolk

(SEAL)

FISCAL IMPACT STATEMENT *
FOR A BOND ISSUE SUBMITTED TO THE
ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF NORFOLK

The undersigned applicant, to permit the Chairman of the Economic Development Authority of the City of Norfolk to submit the following information in compliance with Section 15.2-4907, Code of Virginia of 1950, states:

Name of Applicant: Sentara Healthcare

Project: Healthcare Facilities Revenue Bonds (Sentara Healthcare), Series 2017

- | | | |
|-----|---|-----------------------|
| 1. | Maximum amount of financing sought | \$ <u>200,000,000</u> |
| 2. | Estimated taxable value of the facility's real property to be constructed in the City of Norfolk | <u>N/A</u> |
| 3. | Estimated real property tax per year using present tax rates | <u>N/A</u> |
| 4. | Estimated personal property tax per year using present tax rates | <u>N/A</u> |
| 5. | Estimated business license tax per year using present tax rates | <u>N/A</u> |
| 6A. | Estimated dollar value per year of goods that will be purchased from Virginia companies within the locality (<i>Norfolk General</i>) | \$ <u>50,602,000</u> |
| 6B. | Estimated dollar value per year of goods that will be purchased from non-Virginia companies within the locality (<i>Norfolk General</i>) | \$ <u>202,409,000</u> |
| 6C. | Estimated dollar value per year of services that will be purchased from Virginia companies within the locality (<i>Norfolk General</i>) | \$ <u>4,305,000</u> |
| 6D. | Estimated dollar value per year of services that will be purchased from non-Virginia companies within the locality (<i>Norfolk General</i>) | \$ <u>17,219,000</u> |
| 7. | Estimated number of regular employees on year round basis (<i>Norfolk General</i>) | 3,176** |
| 8. | Average annual salary per employee (<i>Norfolk General</i>) | \$ <u>63,040</u> |

APPLICANT NAME:

SENTARA HEALTHCARE

By: 

Robert A. Broermann,
Senior Vice President and
Chief Financial Officer

ECONOMIC DEVELOPMENT AUTHORITY OF
THE CITY OF NORFOLK

By: 

Vice-Chairman

*The information in this Fiscal Impact Statement was supplied to the Authority by Sentara Healthcare

**Total full-time equivalent

CONFLICT OF INTERESTS CERTIFICATE
OF
SENTARA HEALTHCARE

The undersigned applicant for financing ("Applicant") hereby certifies to the Economic Development Authority of the City of Norfolk ("Authority") and to the City Council of the City of Norfolk, that the persons whose names are set forth below constitute each person:

- (a) having a direct or indirect ownership interest in Applicant of three percent (3%) or more of the total equity of the Applicant if such person is also an officer or employee of the Authority or of the City of Norfolk (the "City") or a member of his or her immediate family;
- (b) having annual income that exceeds, or may reasonably be anticipated to exceed, \$5,000.00 from the Applicant or ownership in real property or personal property of the Applicant, if such person is also an officer or employee of the Authority or the City or a member of his or her immediate family;
- (c) having salary, other compensation, fringe benefits, or benefits from the use of property, or any combination thereof of the Applicant, or otherwise paid by the Applicant, that exceeds, or may be reasonably anticipated to exceed, \$5,000.00 annually, if such person is also an officer or employee of the Authority or the City or a member of his or her immediate family;
- (d) having ownership of real or personal property or an option to own real or personal property if the interest exceeds \$5,000.00 in value and such ownership or option is benefited by the Applicant's financing application with the Authority, excluding ownership in a business, income or salary, other compensation, fringe benefits or benefits for the use of such property, if such person is also an officer or employee of the Authority or the City or a member of his or her immediate family;
- (e) having personal liability on behalf of the Applicant of three percent (3%) or more of the asset value of the Applicant, if such person is also an officer or employee of the Authority or the City or a member of his or her immediate family; or
- (f) having a personal interest in the Applicant's plan of finance before the Authority, including (a) having a personal interest in the Applicant's property or business which is the subject of the plan of finance or providing services to the Applicant's business which is the subject of the plan of finance or (b) potentially realizing a reasonably foreseeable direct or indirect benefit or detriment as a result of action of the Authority on the Applicant's application, if such person is also an officer or employee of the Authority or the City or a member of his or her immediate family.

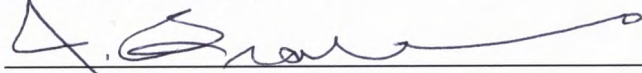
Robert E. Garriss, Jr., a director of the Authority, is an employee of the Applicant.

Richard H. Ottinger, a director of the Authority, is a partner in the law firm that will serve as counsel for the Norfolk EDA in this transaction.

Jeffrey Brooke, a director of the Authority, is a partner in the law firm of Poole Brooke Plumlee PC that represents Applicant's affiliated companies.

Above is a statement describing in detail the relationship of each person named above to the Applicant or Other Entity and to the Authority and/or the City, in order that any member of the Board of Directors of the Authority, any member of City Council and any employee of either the Authority or the City acting on this application shall have full knowledge of all matters requiring disclosure or disqualification under the State and Local Government Conflict of Interests Act, Section 2.2-3100 et seq. of the Code of Virginia.

SENTARA HEALTHCARE

A handwritten signature in dark ink, appearing to read 'R. Broermann', is written over a horizontal line.

Signature of Applicant's Representative

Robert A. Broermann

Senior Vice President and Chief Financial Officer

Date: November 27, 2017